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 ..TXT: PSC NO: 88 GAS LEAF: 56
 COMPANY: NEW YORK STATE ELECTRIC & GAS CORPORATION REVISION: 2
 INITIAL EFFECTIVE DATE: 12/10/98 SUPERSEDING REVISION: 1
 STAMPS: Issued in compliance with commission order in Case 98-G-0845 dated 12/
 RECEIVED: 12/10/98 STATUS: Effective EFFECTIVE: 12/10/98

SERVICE CLASSIFICATION NO. 1 (CONT'D)

FIRM TRANSPORTATION SERVICE (CONT'D)

SPECIAL PROVISIONS: (CONT'D)

G. Economic Development "Zone" Incentive (EDZI): (Cont'd)

A customer certified by the Economic Development Zone Administrator will have his monthly service bills reduced by such stated amount per therm for all consumption in excess of a base amount of consumption established for each monthly billing period. For an existing customer, the base amount of consumption will be based on a one (1) year historical period, actual or estimated, as determined by the Company prior to qualification for the Incentive. For a prospective customer, the base amount of consumption will be zero (0). Each month, the excess therms qualifying for the Incentive will be limited to seven hundred thirty (730) hours times the hourly rating of the equipment installed to qualify for the Incentive.

The EDZI prices per therm will be applied to that Customer's bill for the duration of the Customer's valid certification. The EDZI price per therm, stated in Special Provision H following, will be subject to periodic (but not more than annual) review and possible modification, with PSC approval.

H. Economic Incentives:

Customers who are certified by the Economic Development Zone Administrator, under Special Provision G above, will have their service bills reduced for the duration of the Customer's valid certification in the following manner:

In PSC No. 87 Gas, or superseding issues thereof, the price for qualified use over 50,000 Therms per month shall be reduced to \$.0054 per Therm in the Elmira Area, and \$.0160 per Therm in the Combined Area. Customers who reserve sales status will be charged an additional \$0.1111 per Therm, plus the applicable Demand Cost of Gas Adjustment. For a "process" customer, qualified use is achieved by the installation of new or additional gas utilizing equipment rated at 3.5 Therms or more per hour. For a "space conditioning" customer or "space conditioning" and "process" customer, such additional equipment requires a rating of at least 10 Therms per hour.

In the Binghamton Area, the prices, excluding associated gas costs, for all use hereunder to new customers with annual use exceeding 12,000 Therms annually, or existing customers who will increase their existing load by 12,000 Therms annually, will be reduced by fifty percent (50%).

Issued By: George E. Bonner, Vice President - Gas Operations & Marketing, Binghamton, NY

(Name of Officer, Title, Address)